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202.429.6434

Public Version

November 13, 2001

Via Electronic Mail

Gloria Blue
Executive Secretary
TPSC, Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Re: Steel 201, Request To Exclude Products From
Section 203 Import Relief - Extra-Wide Hot-Rolled
Sheet and Strip

Dear Ms. Blue:

This request is submitted on behalf of Corus Staal BV and Corus Steel USA Inc. ("Corus"), seeking the exclusion of wide/extra-wide hot-rolled sheet and strip from any relief that may be imposed in the Section 201 investigation of Certain Steel. Viable U.S. sources do not exist for wide/extra-wide hot-rolled sheet and strip. Therefore, U.S. consumers of this material, as well as their automotive customers, would be severely adversely affected by the imposition of import relief on this product. Set forth below are the details sought in the notice of October 26, 2001, 66 Fed. Reg. 54,321.

(a) The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial

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name for the product and the HTS number under which the product enters the United States.

Hot-rolled sheet and strip that is over 72" wide should be excluded from any relief imposed in this investigation.¹ This product can be classified under various HTS item numbers, depending on factors such as thickness and whether it is pickled and oiled or not; there is, however, no HTS item number that is specific to such wide material. The HTS numbers under which Corus has imported this material are: 72082600, 72082700, 72083600, 72083700, 72083800, 72083900, 72253030, 72253070, and 72255080.

There are two basic commercial width groups involved in this category of product: (1) hot-rolled sheet and strip that is 72" to 76" wide, and (2) hot-rolled sheet and strip that is 76" wide and wider. Within each group, however, there are various commercial specifications, depending on a particular customer's end-use needs. For example, the material which Dana Corporation purchases from Corus, and for which Corus is Dana's sole

¹ Corus submits that hot-rolled sheet and strip that is 72" wide should also be excluded; however, since 72" might be considered as the end cut-off for the next narrower commercial category, Corus acknowledges that the exclusion may best be phrased as over 72" wide.

supplier, is commercially designated as "SAE-C1006 DQSK Hot-Rolled, Pickled & Oiled, .110 gage x 76.500" wide x coil."

(b) A description of the product based on physical characteristics (e.g., chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought.

The product is hot-rolled sheet and strip which is over 72 inches wide.

(c) The basis for requesting an exclusion.

Wide/extra-wide hot-rolled sheet and strip should not be included in the investigation because insufficient (if any) quantities of this product are produced in, or available from, strip mills in the United States. Therefore, the product must be sourced from imported supply. As such, the imported product does not compete with the U.S. hot-rolled industry.

One major U.S. purchaser of extra-wide hot-rolled material is Dana Corporation, which purchases the material for use in the structural frames that it produces and then sells to U.S. automotive companies. Since 1996, Dana has purchased its 76" and 76 1/2" material exclusively from Corus Staal BV in the Netherlands. Viable domestic sources for this extra-wide material do not exist. Dana is therefore extremely dependent on its supply from Corus Staal because extra-wide material is

critical to Dana's business. For additional details, please refer to the Declaration of Jayda Davenport of Dana, dated October 3, 2001, and transmitted to the U.S. International Trade Commission by Steptoe & Johnson LLP on October 4, 2001.

(d) The names and locations of any producers, in the United States and foreign countries, of the product.

Domestic suppliers typically produce material that is 60" wide or less; some producers produce hot-rolled sheet and strip up to 72" wide. There is, to the best of Corus' knowledge, very limited domestic production in the 72-76" wide category, and essentially no domestic strip production in the 76"+ category. An examination of U.S. Steel's published price list suggests that U.S. Steel only sells material over 72" wide in a very limited thickness range, and it shows that thicknesses which are in the range supplied by Corus Staal are not included on the list. The price list also suggests that U.S. Steel does not produce any material that is 76 inches or wider. The same is true of Bethlehem's price list. In the past, AK Steel produced wide material, but it ceased production of wide hot-rolled steel in 1998. The only domestic producer with the ability to supply extra-wide material is LTV, which apparently has limited capacity to produce 76" and 76 1/2" wide material. However, LTV has not

been able to provide a quote to Dana for material that meets Dana's requirements.

Other foreign companies that may have the capability to produce wide hot-rolled sheet and strip include Usinor (France). However, to the best of Corus' knowledge, no other supplier has been qualified by Dana and the range of capabilities of other producers is believed to be limited.

(e) Total U.S. consumption of the product, if any, by quantity and value for each year from 1996 to 2000, and projected annual consumption for each year from 2001 to 2005, with an explanation of the basis for the projection.

Corus estimates that total U.S. consumption of wide/extra-wide hot-rolled steel is not substantially greater than Corus' U.S. shipments, since no U.S. supplier is known to be shipping such products in commercial quantities. Further, Corus does not have any specific knowledge of other foreign producers supplying the U.S. market. These estimates are set forth below:

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	Qty (ST) ²	Value (000 USD)
1996	[100]	[100]
1997	[70]	[76]
1998	[116]	[117]
1999	[192]	[179]
2000	[354]	[370]

Projections are similarly based on Corus' estimates of its sales:

	Qty (ST)	Value (000 USD)
2001	[253]	[278]
2002	[211]	[232]
2003	[211]	[227]
2004	[211]	[227]
2005	[211]	[227]

(f) Total U.S. production of the product for each year from 1996 to 2000, if any.

As stated above, there was very limited, if any, U.S. production of wide/extra-wide hot-rolled sheet and strip in 1998 to the present. While some U.S. producers claim to have the capability to produce some limited types of products in the over 72 to 76 inch category,³ it is unclear how much, if any, of such

² These quantity and value figures include material that is 72" wide; Corus' U.S. shipments of 72" wide material, in short tons, were [100], [57], [92], [125], and [95] in 1996-2000, respectively.

³ These limits apply to quantity, as well as to grade, thickness and quality.

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material has actually been produced. In the 76"+ category, Corus is unaware of any actual U.S. production in the more recent timeframe. However, as noted above, there was some domestic production of wide material by AK Steel in 1996 and 1997.

(g) The identity of any U.S.-produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.

There is no U.S.-produced substitute for wide/extra-wide hot-rolled steel. Accordingly, U.S. consumers of such material, such as Dana and Ford, would be left without any source of supply if imports were restricted.

Please note that confidential treatment is requested for the numeric data set forth above, containing Corus' confidential sales data and projections, the public release of which could cause competitive harm to Corus (the numbers are indexed in the public version).

Respectfully submitted,

A handwritten signature in black ink that reads "Richard O. Cunningham" followed by a stylized set of initials "RLK".

Richard O. Cunningham
Peter Lichtenbaum
Alice A. Kipel

Counsel for Corus Staal BV and
Corus Steel USA Inc.